

COMMUNITIES ECONOMIC DEVELOPMENT FUND

ANNUAL REPORT

1987 - 88

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communities economic development fund



Honourable Jim Downey,
Minister Responsible for
Communities Economic Development Fund,
Room 333, Legislative Building,
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Downey:

In accordance with the provisions of the Communities Economic Development Fund Act, I enclose the Report for the fiscal year ended March 31st, 1988, signed and certified in the prescribed manner.

Respectfully submitted,

Barbara Bruce,
Chairperson.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Ms. Barbara Bruce, Chairperson	Winnipeg
Mr. William Bennett	Matheson Island
Mrs. Bernice O'Connor	Churchill (Resigned August 20, 1987)
Mr. Nestor Dolinsky	Flin Flon
Mr. Eli Harper	Red Sucker Lake
Ms. Elizabeth Isbister	Norway House
Mr. Arkie Wiens	Winnipeg
Mr. Billyjo De La Ronde	Winnipeg

OFFICERS

Mr. Hugh Jones	General Manager
Mr. Greg Goodwin	Secretary
Mr. Ted Chiswell	Manager of Finance

REPORT OF ACTING GENERAL MANAGER

The Communities Economic Development Fund approved 69 loans and one guarantee, for a total of \$3.5 million, to create or retain 210 jobs during the year ending March 31st, 1988. These volumes are very similar to last year which represents a levelling off of activity over the previous three years. Nevertheless, demand for loan assistance, at this relatively substantial level, suggests the ongoing need particularly in the northern parts of the province. Assistance, during the year, to northern areas represented 80% of number and 77% of amount of approvals.

Figure 1 displays the records of outstanding loan balances for year ends, and administrative and loss allowance expenses for each year. This display indicates a levelling off of administrative expenses and loan losses.

Figure 2 provides historical information on applications approved and number of jobs created or retained since inception of the Fund. The Fund continues to contribute to an economic base in Manitoba.

A natural consequence of developing entrepreneurial projects is the creation of employment and is one of the several factors measured in the consideration of any loan. Figure 3 displays the level of loan, loss allowance and administrative dollars required per project related job in each year of operation. While these figures cannot be finite - job profiles are in no way static but rather fluctuate in numbers and duration - they do provide some insight into the resources required by the Fund to promote employment in remote areas. To date the per job average for administration is \$4,060, for loan is \$12,600, and for loss allowance is \$2,458. It is to be noted here the administration costs also cover expenses of investigations and non-financial assistance by our consultants which would not, in the end, result in a direct loan being approved. In many cases, applicants are directed to more suitable funding, or other sources, depending on the requirements of the applicant.

In consultation with the Provincial Auditor, internal procedures continue to be adjusted, and implemented as necessary, to ensure monitoring routines of client accounts, and maintenance of the Fund's own records, are adequate and appropriate. Of course, the protection of public funds is paramount.

During the year, a sub-office was opened in Thompson in an effort for the Fund to be more accessible to northern areas. In any event, the Fund's consultants visit designated areas on a regular basis and arrange trips to applicants' sites to obtain first hand knowledge of projects. Accordingly, after some months of operation, the benefits of the existence of the northern office simply did not meet expectations and a subsequent closing has resulted.

Monthly meetings by the Board of Directors consider loan applications. In addition, current policy is regularly reviewed with adjustments being made as considered suitable. Certainly, the Board members' individual efforts and dedication towards fulfilling the underlying mandate of the Fund have not been without some sacrifice on their part and must be acknowledged here.

Appreciation is also extended to many of the staff for the dedication and cooperation displayed through the year in the course of conducting their varied duties.



W.E. Chiswell, C.A.
Acting General Manager.

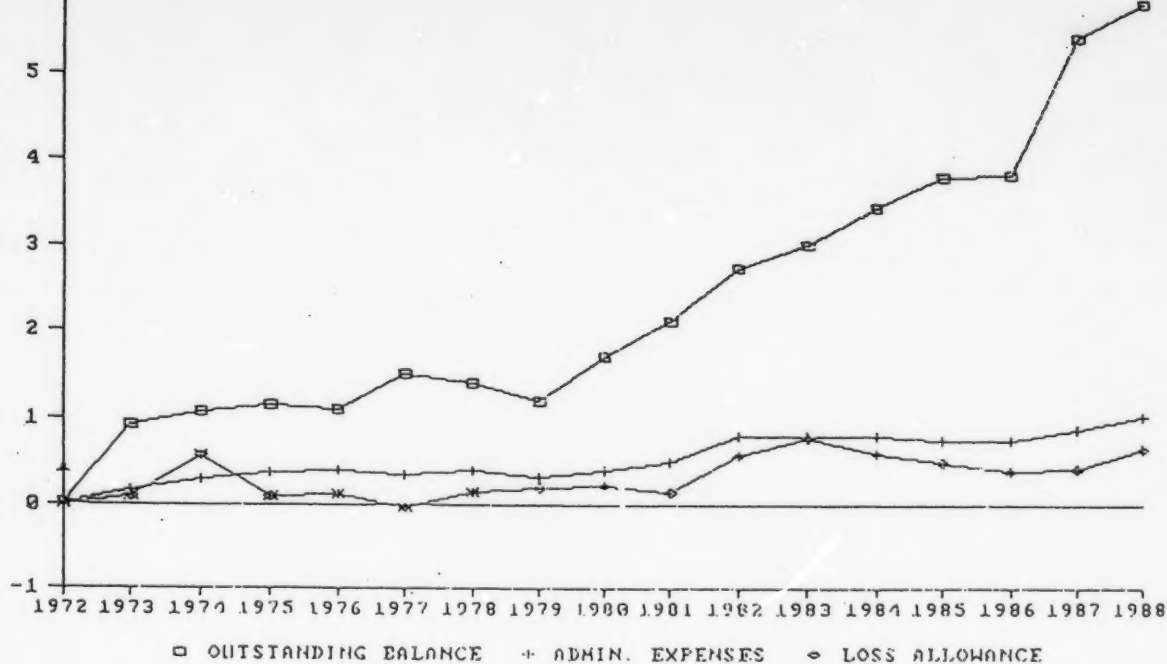


FIGURE 1

FISCAL YEAR	APPLICATIONS APPROVED	AMOUNT	JOB'S CREATED AND/OR RETAINED
1972	19	\$ 389,500	56
1973	82	1,349,750	125
1974	43	983,983	100
1975	16	731,910	73
1976	18	374,470	100
1977	38	704,658	108
1978	20	510,399	103
1979	20	556,459	92
1980	37	1,982,791	144
1981	34	1,180,740	120
1982	46	2,800,140	176
1983	31	2,138,275	138
1984	49	2,080,595	144
1985	63	2,326,548	172
1986	43	2,909,735	159
1987	66	3,573,294	215
1988	70	3,550,050	210
	695	\$ 28,143,297	2,235

FIGURE 2

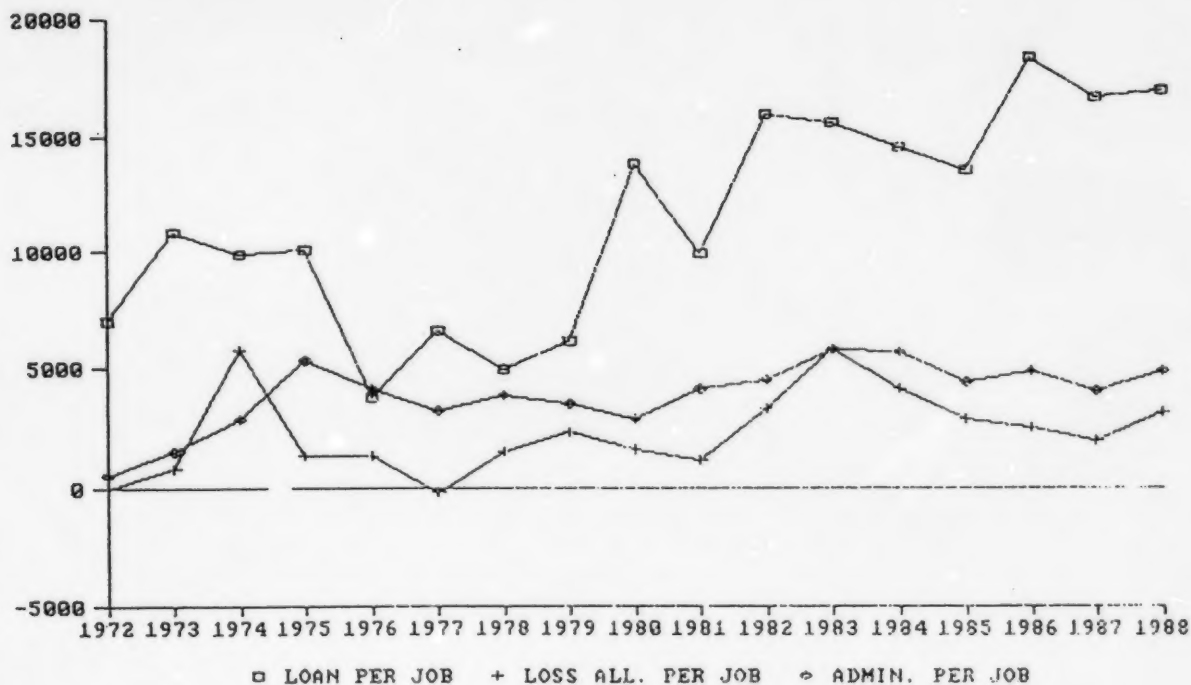


FIGURE 3

COMMUNITIES ASSISTED BY THE
FUND IN 1987 - 1988

- * ASHERN - MOTEL
- * BERENS RIVER - ROAD GRADER
- * BISSETT - FORESTRY
- * BRANDON - APPLIANCE SALES
- * BROCHET - OUTFITTING
- * CHURCHILL - CARPETING & FLOORING; TAXI; BAKERY; WHOLESALE
- * CRANBERRY PORTAGE - TOURIST LODGE
- * CROSS LAKE - CONSTRUCTION
- * DAUPHIN - OFFICE SERVICES
- * DUCK BAY - POOL HALL
- * EASTERVILLE - POOL HALL & CAFE
- * ETHELBERT - FORESTRY
- * FAIRFORD - FORESTRY
- * FLIN FLON - MINING EXPLORATION; HAULING; FORESTRY
- * GILLAM - TAXI
- * GRAND RAPIDS - VIDEO STORE; TROUT FARM; SERVICE STATION
- * HODGSON - SCHOOL BUS
- * ILFORD - WINTER ROAD

- * LAC DU BONNET - CONSTRUCTION
- * LIBAU - STORE
- * MALLARD - SCHOOL BUS
- * MANIGOTAGON - SERVICE STATION; CAFE; FORESTRY; HAULING; SCHOOL BUS
- * MATHESON ISLAND - PHOTOGRAPHY
- * MCCREARY - TRANSPORT
- * NORWAY HOUSE - TAXI
- * PIKWITONEI - FORESTRY
- * PORTAGE LA PRAIRIE - CONCRETE PLANT
- * RED SUCKER LAKE - STORE
- * SHERRIDON - HOTEL & TOURIST LODGE
- * ST. LAURENT - MEAT PACKING
- * SWAN RIVER - AUTO PARTS SALES; FORESTRY
- * TEULON - SERVICE STATION
- * THE PAS - SHOE REPAIR; WATER DELIVERY; PHOTO STUDIO; FORESTRY; BOUTIQUE; TAXI; CONFECTIONERY STORES; FAST FOOD SERVICE;
- * THOMPSON - TOWING; HAIR SALON; HOTELS
- * WABOWDEN - POULTRY FARM; STORE; FORESTRY
- * WATERHEN - TOURIST LODGE; SCHOOL BUS

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Report of Assistance Granted or to be Granted
for the year ended March 31, 1988

<u>Loan recipient</u> <u>Area benefited - nature of operations</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Amount</u>
Agassiz Log Builders Ltd.			
Lac du Bonnet - construction	9.25%	6 years	\$ 49,800
Assini Concrete Ltd.			
Portage la Prairie - concrete plant	8.25%	6 years	150,000
Balanyk, Edward			
Ethelbert - skidder	8.25%	3 years	15,400
Beaulieu, Gervais			
Cranberry Portage - tourist lodge	9.75%	5 years	89,054
Bjork, Andrew W.			
Manigotagan - service station	11.00%	5 years	39,540
Boulette Forest Operation Ltd.			
Manigotagan - skidder	8.50%	4 years	38,900
Boyes, William A.			
The Pas - shoe repair	9.75%	5 years	25,000
Carter, David J.			
Manigotagan - skidder	8.50%	5 years	65,570
Chartrand, Leonard			
Waterhen - school bus	8.50%	5 years	33,760
Chartrand, Roy A.			
Teulon - service station	8.50%	10 years	150,000
Churchill Arctic Enterprises Ltd.			
Churchill - wholesale	8.25%	7 years	150,000
Cook, Rene L.			
Brochet - outfitting	8.25%	5 years	24,000
Crockford, James and Sharon			
Churchill - taxi	10.625%	4 years	29,782
DeLaronde, Joseph E.			
Duck Bay - pool hall	10.625%	6 years	37,410
Dea, Marilyn and Coombs, Max			
Thompson - towing	8.50%	4 years	99,750
Devon Development Corporation			
The Pas - water delivery	8.50%	98 months	70,000
Disbrowe, Harold			
Berens River - motor grader	9.50%	2.5 years	42,000
Dufresne, Gaston			
The Pas - skidder	8.50%	7.5 years	73,950
Elder, Leonard G.			
The Pas - taxi	10.625%	3 years	10,000
Ettawakapow, Walter K.			
Norway House - taxi	9.75%	3 years	16,415
Francoeur, Richard			
The Pas - home repairs	9.75%	5 years	5,000

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Report of Assistance Granted or to be Granted
for the year ended March 31, 1988

<u>Loan recipient</u> <u>Area benefited - nature of operations</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Amount</u>
Garand, Guy L. Flin Flon - skidder	7.50%	5 years	82,500
Grand Rapids Motel and Service Centre Ltd. Grand Rapids - service station	8.50%	2.5 years	25,630
Granger, Roger Ashern - motel	8.50%	5 years	26,340
Groshok Arlene Dauphin - office services	9.75%	3.5 years	12,500
Gypsy Bakery Ltd. Churchill - bakery	2% fee	1 year	gtee. 40,000
Gypsy Bakery Ltd. Churchill - bakery	8.50%	10 years	90,000
Harper, Allan A. Red Sucker Lake - store	9.50%	3 months	18,400
Harper, Allan A. Red Sucker Lake - store	9.75%	3 years	37,000
Hobden, Frederick Hodgson - school bus	8.50%	5 years	25,920
Ilford Northern Construction Ltd. Ilford - winter road	10.625%	3 months	10,130
Interlake Packers Ltd. St. Laurent - meat packing	8.50%	3 years	99,331
Johnson, Harold Thompson - hair salon	9.75%	5 years	31,600
Jonasson, Jonas McCreary - transport	8.50%	6 years	90,750
Kacperski, Vincent and Hallett, Brian Y. Bissett - skidder	7.50%	4 years	26,500
Kalmakoff, Vernon G. Brandon - appliance sales	8.50%	5 years	64,700
Kinakin, Michael Jr. Swan River - skidder	9.50%	28 months	24,000
Kotyk, Gerald E. Swan River - auto parts sales	8.50%	5 years	44,000
Krystal, Peter Wabowden - poultry farm	11.00%	3 years	6,000
Lacquette, Norman and Daryl Mallard - school bus	8.50%	6 years	45,000
Lakeside Groceteria Ltd. Wabowden - store	8.50%	2 years	9,820
Libau Trading Post Inc. Libau - store	7.50%	10 years	141,171

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Report of Assistance Granted or to be Granted
for the year ended March 31, 1988

<u>Loan recipient</u> <u>Area benefited - nature of operations</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Amount</u>
Libbrecht, Allen Dean			
The Pas - confectionery	10.625%	7.5 years	6,500
Libbrecht, Allen Dean			
The Pas - confectionery	8.50%	8 years	44,000
M.F.T. Enterprises Ltd.			
Flin Flon - hauling	9.75%	5 years	83,121
Ma-Mow-We-Tak Friendship Centre Inc.			
Thompson - hotel	9.00%	10 years	273,000
Manigotagan Development Ltd.			
Manigotagan - forestry	7.50%	1 year	75,000
McIvor, Donald A. Sr.			
Wabowden - saw mill	8.50%	1 year	6,300
McKay, Collin D.			
Grand Rapids - video store	8.50%	3 years	18,800
McKay, Kenneth			
Grand Rapids - trout farm	9.75%	2 years	8,550
McLeod, Allan			
Cross Lake - construction	10.625%	5 years	45,000
Olson, Ronald S.			
The Pas - fast food	8.50%	6 years	39,400
Perry, Cyril I.			
Sherridon - hotel and tourist lodge	8.50%	8 years	87,520
Phillips, Henry A.			
Manigotagan - hauling	10.625%	43 months	3,500
Phillips, Henry A.			
Manigotagan - hauling	9.00%	4 years	59,635
Pikwitonei Loggers Inc.			
Pikwitonei - saw mill	7.50%	8 months	78,000
Popowich, Clarence and Della			
Waterhen - tourist lodge	8.25%	3 years	25,020
Ray-Dor Resources Ltd.			
Flin Flon - mining exploration	8.50%	3 years	86,648
Receiver/Manager for Northern Metis Investments Inc.			
Thompson - hotel	7.50%	demand	40,000
Robinson, Christopher L.			
Matheson Island - photography	9.25%	5 years	28,000
Sanderson, George W.			
Wabowden - skidder	11.00%	5 years	84,093
Seymour, Henry M.			
Manigotagan - cafe	9.75%	2 years	6,000

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Report of Assistance Granted or to be Granted
for the year ended March 31, 1988

<u>Loan recipient</u> <u>Area benefited - nature of operations</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Amount</u>
Spence, Michael Churchill - carpeting and flooring	9.50%	10 years	114,000
Spencer, Bonita The Pas - confectionery	9.50%	2.5 years	6,000
Ward, Wilfred J. Gillam - taxi	8.50%	4 years	26,900
Warms, John H. Fairford - skidder	9.50%	3 years	35,440
Willson, Arlene L. The Pas - photo studio	9.25%	5 years	21,500
Wood, Barbara Manigotagan - school bus	9.00%	4.5 years	29,000
Young, Dennis G. Easterville - pool room and cafe	8.25%	4 years	37,000
2140128 Manitoba Ltd. (The Image Boutique) The Pas - boutique	9.75%	5 years	15,500
			<u>\$ 3,550,050</u>



Manitoba

COMMUNITIES ECONOMIC DEVELOPMENT FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedule 1, of the Communities Economic Development Fund for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Communities Economic Development Fund as at March 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

July 29, 1988,
Winnipeg, Manitoba.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	<u>1988</u>	<u>1987</u>
Cash	\$ 758,680	\$ 148,730
Due from Province of Manitoba (note 6)	422,565	-
Short-term deposits with the Province of Manitoba	-	350,000
Due from Manitoba Development Corporation (notes 1 and 2 c)	-	215,457
Accounts receivable	12,991	17,297
Loans and interest receivable (note 2 f), less allowance for doubtful accounts \$1,138,600 (1987 - \$1,169,600) (notes 2 b and 4)	5,806,146	5,410,186
Mortgage receivable	115,290	-
Office furniture and equipment at cost, less accumulated depreciation \$43,284 (1987 - \$33,149) (note 2 e)	<u>69,952</u>	<u>63,248</u>
	<u>\$ 7,185,624</u>	<u>\$ 6,204,918</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 43,019	\$ 82,695
Due to Manitoba Development Corporation (notes 1 and 2 c)	125,382	-
Funds provided by the Province of Manitoba (note 3)	<u>7,017,223</u>	<u>6,122,223</u>
	<u>\$ 7,185,624</u>	<u>\$ 6,204,918</u>

SIGNED ON BEHALF OF THE BOARD

William Bennett Director
Barbara Bruce Director

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Operations
for the year ended March 31, 1988
(with 1987 figures for comparison)

	<u>1988</u>	<u>1987</u>
Revenue:		
Loan interest	\$ 595,309	\$ 497,224
Miscellaneous	<u>54,546</u>	<u>38,062</u>
	<u>649,855</u>	<u>535,286</u>
Expenditure:		
Administrative, Schedule 1	1,016,590	873,397
Provision for doubtful accounts on loans receivable (note 4)	<u>655,830</u>	<u>428,840</u>
	<u>1,672,420</u>	<u>1,302,237</u>
Excess of expenditure over revenue	1,022,565	766,951
Less subsidy (note 1):		
Province of Manitoba	1,022,565	-
Manitoba Development Corporation	<u>-</u>	<u>766,951</u>
	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUNDStatement of Changes in Cash Position
for the year ended March 31, 1988

Cash provided by (used for)

Operating activities

Operations, Exhibit B		\$ -
Items not affecting cash flow:		
Depreciation		10,135
Provision for doubtful accounts on loans receivable		655,830
Net change in non-cash working capital balances related to operations		(306,730)
Lending activities:		
Loans issued	\$(2,490,752)	
Loan principal payments	<u>1,627,674</u>	(863,078)
Purchase of office equipment		<u>(16,839)</u>
		<u>(520,682)</u>

Financing activities

Conditional grants provided by the Province of Manitoba (note 3)		<u>895,000</u>
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Investing activities

Proceeds from term deposits		350,000
Mortgage financing provided	(115,000)	
Mortgage principal payments	<u>632</u>	<u>(114,368)</u>
		<u>235,632</u>

Increase in cash		609,950
Cash at beginning of year, Exhibit A		<u>148,730</u>
Cash at end of year, Exhibit A		<u>\$ 758,680</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUNDSchedule of Administrative Expenses (note 2 c)
for the year ended March 31, 1988
(with 1987 figures for comparison)

	<u>1988</u>	<u>1987</u>
Communications	\$ 28,455	\$ 32,007
Consultants' fees and expenses	12,601	32,576
Credit reports	25,299	13,871
Depreciation	10,626	9,130
Directors' fees and expenses	58,321	48,507
Legal and audit	18,172	15,544
Office supplies and expenses	46,744	48,624
Rent and utilities	114,210	86,831
Salaries and employee benefits	618,998	532,633
Sundry	10,014	4,802
Travel	<u>73,150</u>	<u>48,872</u>
Administrative expenses, Exhibit B	<u>\$ 1,016,590</u>	<u>\$ 873,397</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements for the year ended March 31, 1988

1. Nature of the Fund

The Communities Economic Development Fund was established as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. The Fund places emphasis upon the economic development of northern Manitoba. However, applicants from other communities within the Province, with exception of the larger centres, are also considered. To carry out this objective it is not practical to pass on all of the Fund's costs to the users of its services. As a result, the Fund depends on a subsidy from the Province of Manitoba. In previous years, the Manitoba Development Corporation provided a subsidy to cover the Fund's excess of expenditure over revenue. For the year ended March 31, 1988, the Province provided this subsidy.

2. Significant Accounting Policies

(a) General

The accompanying financial statements have been prepared on an accrual basis, except for the accounting for pensions and loans as set out in notes 2 d and f.

(b) Allowance for doubtful accounts

The allowance for doubtful accounts regarding possible losses on outstanding loans is determined on an individual account basis.

(c) Administrative expenses (Schedule 1)

The Communities Economic Development Fund is jointly administered with the Manitoba Development Corporation (MDC). At the year end, common administrative expenses are reviewed and allocated between MDC and the Fund on a proportionate basis as determined by officials of MDC and the Fund. Any significant difference between the administrative expenses paid by the Fund and the prorated administrative expenses is either recovered from or reimbursed to MDC. The prorated administrative expenses do not include expenses for accrued pension benefits, as explained in note 2 d.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1988

2. Significant Accounting Policies (continued)

(d) Pensions

The employees of the Fund are not members of the civil service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Communities Economic Development Fund (CEDF) will contribute 50% of the pension payments made to retired employees. Such payments will be charged to operations as incurred. A provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for CEDF employees amounted to \$526,501 as at December 31, 1987 (\$475,731 as at December 31, 1986).

(e) Depreciation

Office furniture and equipment is depreciated at 10% on a straight line basis.

(f) Loans

Loans are recorded when disbursed (see note 5 a).

3. Funds Provided by the Province of Manitoba

Funds are provided by the Province by way of interest-free conditional grants to a revolving fund for the purpose of making direct loans and loan guarantees. In the event that the revolving fund increases beyond the amount provided by the Province, such increases would be repayable to the Province. If the Communities Economic Development Fund should cease operations, then all remaining funds would be returned to the Province.

The funds provided are as follows:

	<u>1 9 8 8</u>			<u>1987</u>
	<u>Direct</u> <u>Loans</u>	<u>Loan</u> <u>Guarantees</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$6,022,223	\$100,000	\$6,122,223	\$4,715,223
Funds provided during the year	<u>895,000</u>	<u>-</u>	<u>895,000</u>	<u>1,407,000</u>
Balance, end of year	<u>\$6,917,223</u>	<u>\$100,000</u>	<u>\$7,017,223</u>	<u>\$6,122,223</u>

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1988

3. Funds Provided by the Province of Manitoba (continued)

The balance of available capital authority as at March 31, 1988 is \$2,505,000 for direct loans and \$1,400,000 for loan guarantees.

4. Allowance for Doubtful Accounts

The change in the allowance is accounted for as follows:

	<u>1988</u>	<u>1987</u>
Balance, beginning of year	\$ 1,169,600	\$ 1,030,409
Provision during the year	<u>655,830</u>	<u>428,840</u>
	1,825,430	1,459,249
Less: accounts written off (net of recoveries)	<u>686,830</u>	<u>289,649</u>
Balance, end of year	<u>\$ 1,138,600</u>	<u>\$ 1,169,600</u>

5. Loan Commitments and Contingent Liabilities

	<u>1988</u>	<u>1987</u>
(a) Loan commitments - undisbursed balance of approved loans	\$ 847,947	\$ 552,679
(b) Contingent liability - bank loan guarantees	\$ 40,000	\$ 214,000
(c) Contingent liability - In 1980, a judgement was rendered against the Fund which resulted in certain real property being returned to the plaintiff. An assessment of damages is still to be decided upon by the courts.		

6. Due from Province of Manitoba

The Province of Manitoba provided a grant to cover the Fund's anticipated subsidy requirements for the year ended March 31, 1988. The amount of \$422,565, which is shown on the balance sheet, represents the amount of additional funds required to cover the actual requirements for the year.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1988

7. Subsidiary

In order to prevent a significant loss, the Fund incorporated 74949 Manitoba Ltd. in 1986/87 to operate a towing company in northern Manitoba. 74949 Manitoba Ltd. operated for about two months until a purchaser was found. This company will be allowed to lapse once all collections and payments are complete.

A summary of receipts and disbursements of the company during the period from incorporation to March 31, 1988 is as follows:

Receipts	\$ 22,811
Disbursements	<u>35,477</u>

Excess of disbursements over receipts \$ 12,666

The excess of disbursements over receipts, in the amount of \$12,666, was written off against the allowance for doubtful accounts during the year.

There are no significant liabilities at March 31, 1988.

8. Loan Interest Suspensions

As part of the normal loan account assessment, the Fund periodically suspends interest where accounts are considered uncollectible or where the suspension will assist in the collection process. At March 31, 1988 there were 7 loans amounting to \$399,567 where interest suspensions have been approved. All interest suspensions are approved by the Board.

9. Comparative Figures

Certain comparative figures have been restated to conform with the presentation of the current year.

Communities Economic Development Fund

A source of financing for business in remote and isolated communities in Manitoba

What Kind of Assistance Does the Fund Provide?

Assistance from the Fund is usually in the form of a term loan to help establish or expand businesses. The Fund also assists community development corporations.

Local ownership and control of the business applying for assistance will be considered of prime importance. The Fund will assess the effect of its assistance on the community and on working conditions and wage levels as well as ensure that continuing training and upgrading of skills of the workers involved is made available.

Types Of Business?

All types of small businesses ranging from manufacturing to service industries are eligible for assistance.

Assistance is determined on the basis of each applicant's requirements.

Geographical Location

In consideration of applications for assistance to establish or expand small to medium-sized economic enterprises, the Fund will emphasize economic development of northern Manitoba.

Interest Rate

Current interest rates can be learned by enquiry to the Fund. The rate of interest at the time a loan is approved is fixed for the life of the loan.

What Security Is Required?

In determining the extent to which the loan or loans shall be secured, the Board shall take into consideration the nature and location of the fixed and other assets being financed.

What Conditions Must The Applicant Fulfill?

- a) There must be assurance of repayment from the earnings of the business.
- b) There must be evidence of the ability to operate the business successfully. Where, in the opinion of the Fund, an applicant requires management or other training, the Fund may insist that the applicant undertake a training programme before any loan commitment is made. To this end, the Fund may assist in applying for any available grant to cover these costs.
- c) The applicant cannot obtain sufficient monies from other sources on reasonable terms.
- d) The applicant provides available equity, in cash or otherwise, to the business to be financed.

How Are Loans Repaid?

The Fund will set the rate of repayment to suit the need of individual borrowers.

Does The Fund Provide Technical And Other Assistance For Loan Applicants?

Yes, in accordance with the specific requirements of each applicant and business.

How Does The Fund Relate To Other Programmes?

The Fund may provide assistance to businesses eligible for Provincial and Federal programme assistance.

The Fund also participates in the "packaging" of projects in co-operation with other agencies and programmes.

How To Apply?

Requests for information should be addressed to the General Manager, 1800 - 155 Carlton St., Winnipeg, Manitoba, R3C 3H8.